**Join Our Community**

Enter into the mystical world of Dreamscape. This is where you will find the real world and the dream world merge. First, you'll be transformed into an avatar...your own customizable, animated identity.

**You'll Meet Fellow Dreamers...**

the most friendly people in any virtual world. You'll listen to and contribute to interesting conversations, join in events and games, earn virtual world tokens, and buy everything from a new body to furniture for your very own cyber apartment! Dreamscape has it all...vast parks and jungles, city streets, a multi-level shopping mall (complete with virtual items), and the most interesting dreamers around.

Become a member **today and receive your first 14 days FREE!** If you're not completely satisfied, you can cancel at any time. See pricing info for details.

- Member Testimonials
- Weekly Calendar of Events
- Virtual Planet News

**Corporate Profile**

The name 'Avaterra' symbolizes how avatar-based user interfaces will lay the groundwork for the next generation of person-to-web interaction. Avaterra.com builds exciting Internet communities -- in the form of virtual zones or "V-Zones" -- in partnership with a synergistic mix of brand-name sponsors.

Consumers enter these zones as 3-D avatars (customized graphical representations of themselves) where they can explore graphically rich virtual communities. Avatars can see and talk to other consumers, rent their own apartments, hold events and even buy products at virtual stores.

Avaterra.com's showcase zones have been online for more than three years and include members from around the world, meeting 24 hours a day. Avaterra.com derives revenue from its unique advertising venues, fee-based membership, custom virtual community development and software co-licensing.

**General FAQ:**

**Questions and Answers about the VZones Technology**

What is an Avaterra Virtual Zone?
What is an avatar?
What makes Avaterra.com different from online chat services?
Tell me more about the VZones technology?
From the user's standpoint, how does VZones differ from other virtual world technologies like VRML?
How does VZones integrate with a Web browser?
What are the key features of Avaterra's avatars and virtual zones?
What is Dreamscape?
What is VZconnections?

**What is an Avaterra Virtual Zone?**

VZones technology allows members from around the world to create their own on-line personas -- called avatars -- and become part of a thriving online virtual community. You can communicate with other avatars in an extensive, populated, and colorful world after downloading and installing the VZones software. Members are able to personalize their avatars by choosing among various body styles, hundreds of heads, clothes (upper and lower body sprays), and an endless variety of accessories. Your avatar is your online representation: you can be "YOU" inworld or you can create a completely new persona. However you present yourself - and what part you play in the community - is up to you!

Each VZone has streets, buildings, parks, and private spaces. The citizens of these virtual communities, each represented by an individual person, spend time in the virtual spaces connecting with others, socializing and shopping, entertaining friends, and taking part in social activities that include events, games, sharing web pages, language lessons, treasure hunts, holiday activities, and virtual weddings.

Dreamscape is the oldest and most established VZone, going on its fourth year. Vzconnections (formerly Club Connect/New Radio World) is our newest and fastest growing VZone. Queery Universe, created exclusively for the gay and lesbian community, is another virtual zone which was built using the VZones technology. Habitat II in Japan and Glass City in Korea are two other examples of successful, revenue-generating virtual zones developed and managed using the VZones technology. Habitat II and Glass City are available on the web, requiring Kanji and Korean-language operating systems respectively.

**What is an avatar?**

An avatar is an electronic representation of a real person, and each person controls an avatar within the virtual zones. These avatars are customizable, graphical and animated characters. They provide people with a wide range of self-expression than is not found in text chat rooms or other online environments, and help encourage a deeper level of real-time interaction between people. Each avatar in Vzones is able

to do six gestures and six expressions.

## What makes Avaterra.com different from online chat services?

In a chat room, text is the only means of expression and the only context. In Avaterra's virtual zones, text is just one aspect of a total environment that includes avatar body movements, facial expressions, gestures, objects, and much more. This total environment provides a depth and quality of social exchange and creativity that is much more meaningful than text chat room experiences. For example, an avatar can walk away from people they don't like, smile at their friends, and wave at new people they want to greet.

## The Technology

## Tell me more about the VZones technology

VZones is a complete set of client/server software technologies and services for creating and managing avatar-based virtual worlds. Avaterra.com uses the VZones technology as the basis of the industry's most successful virtual worlds, including Dreamscape, VZconnections, and Queery Universe in the U.S., Habitat in Japan, and Glass City in Korea.

## What is the history of the VZones technology?

Lucas Arts & Entertainment developed the predecessor to VZones, which was called Habitat and then WorldsAway. Fujitsu licensed the Habitat software system from Lucas Arts & Entertainment in 1989, launched the Fujitsu Habitat Service in Japan in 1990, and eventually bought all rights to the technology in 1993. In 1995, Fujitsu released WorldsAway version 1.0, a completely redesigned software system that built on the foundation laid by Habitat.

Since then, Fujitsu's WorldsAway Team launched four commercial virtual world services based on WorldsAway technology both here in the U.S. and internationally, as well as several private avatar communities. In May 1999, the WorldsAway group formed its own private company, Avaterra.com, Inc. It uses the next generation, version 2.0 technology, which expands virtual communities from the constraints of proprietary online services by making them accessible to anyone on the Internet with a web browser.

## From the user's standpoint, how does VZones differ from other virtual world technologies like VRML?

Virtual Reality Modeling Language (VRML), a standard for creating highly detailed 3D graphical environments is just one part of the total software system required to build a virtual world. VRML does not provide avatar identity or animation tools, manipulatable objects, or "chat" capabilities. By itself, VRML simply creates graphics that can be used later in a virtual world. At the present time, there is no large user base for virtual worlds built using VRML technology.

End-user perspective is a key differentiator between VZones and VRML worlds. VRML worlds typically provide a 1st person perspective in a 3D world. VZones provides a 3rd person perspective in a 2D world with limited depth (avatars and objects can appear "behind" or "in front"

of other avatars or objects). Most end users find it much easier to
navigate and understand a 2D world than a 3D world. This enables
people to focus on interaction and community building rather than trying
to figure out their position within a vast, limitless space of a VRML
environment.

Another key differentiator between VZones and other virtual world
technologies is the emphasis on personal presence or the feeling of
"being there" with other people. Many virtual world technologies focus
the majority of their development efforts on providing detailed 3D
graphical environments. By contrast, 60 percent of WorldsAway
technology supports the animation and expressiveness of avatars, 30
percent supports the capabilities of interactive objects, and about 10
percent supports the persistent space created through background
graphics. As a result, the emphasis in each virtual zone is on making
connections with people through deep, rich social interactions.
**How does VZones integrate with a Web browser?**

Unlike software dependent on VRML technology, VZones is a proven,
stable software system that runs effectively on low-end Macintosh and
Windows systems. It functions as a helper application with standard
Web browsers, providing two windows on the user's screen: one for the
virtual world and the other for the Web browser. In addition, any object
or avatar in a virtual world can have URL links associated with it.
VZones servers can also automatically load URLs on a user's browser
upon entry into a specific area, as a result of a specific avatar action, or
based on a member's registration data.

**What are the key features of Avaterra's avatars and virtual zones?**

Our innovative features were designed specifically to foster expressive
person-to-person interaction which in turn supports the formation of a
cohesive community.
*Unique Identities:* Through customizable avatars, VZones technology
makes it easy to create and support an infinite variety of avatars, with
different bodies and heads.
*Non-Verbal Communication:* Avaterra's avatars are visual, colorful, and
animated, delivering a whole new dimension to the online experience.
Each avatar has four different facial expressions, five gestures, and
three styles of movement.
*Third Person Viewpoint:* Unlike virtual world systems utilizing VRML,
VZones allows people to see themselves in the same physical space
as those they are interacting with, making communication easier and
contributing to a stronger feeling of belonging.
*Virtual Objects:* VZones enables a wide variety of objects that people
can obtain and own within a virtual world. Objects enhance an avatar's
identity and add realism to the overall experience.
*Internal Economy:* There is a token system in place where each avatar
accumilates for each hour spent per session. VZones allows for a
thriving internal economy in which members can buy and sell virtual
objects with the tokens they earn.
*Persistent Sense of Place:* Each time an avatar logs into a Vzones,
they enter in exactly the same place they logged off. The persistence of
all elements mentioned above creates a strong sense of continuity for
the user from visit to visit. As in real life, persistence and continuity help
bond people together, which in turn creates community.

**What is Dreamscape?**

Several established Avaterra virtual worlds are now available on the Internet and may be accessed by anyone with an Internet connection and web browser. Active since 1995, Dreamscape is the industry's most successful avatar community. Originally introduced through the CompuServe online service, Dreamscape draws active, loyal members from around the world, with particularly large groups in Europe. Due to its global following, there are significant numbers of people in Dreamscape 24 hours a day.

Most people find Dreamscape as an easy, non-threatening way to meet new people. Newcomers are welcomed into conversations within minutes of entering the world, making it more inviting than text chat on the Internet or online services. This may be one reason why women are so attracted to Dreamscape. Forty percent of Dreamscape members are women-- a proportion far higher than the average online service. Unlike other virtual worlds, Dreamscape boasts an extremely strong community. Dreamscape members have created their own ceremonies, newspapers, and holidays. They have built a vibrant token-based economy, which has made many members very wealthy within Dreamscape. Members can choose from a wide range of daily activities, from simply meeting people and building friendships, to attending parties and events, playing games, creating art, and shopping for objects.

**What is VZconnections?**

Formerly called Club Connect and New Radio World, VZconnections is the first VZone to open its doors to the public with commercial partners like Delphi, XOOM, and NetNoir. It is a collection of virtual cities which currently includes Seattle, Phoenix, Honolulu, Detroit and London. You can find a radio station in each of these cities. There are customized areas built for fostereing communities for online partners which include: Delphi, XOOM, NetNoir, Computer Currents, Astrology.net, Psychic Love Doctor, and Mind, Body & Soul. Relax in parks, play games, go shopping, hang out with DJ's, and meet people from all walks of life! Think of it as a hub of activity and the portal to all other VZones!

**QUICK GLOSSARY of VZones Terms:**

Avatar - the technical name of your on-line persona.
Acolyte- avatar who serves the community of Dreamscape. Ask Acolytes for in-World help. They are your guides in the Dreamscape.

Caretaker - an avatar who serves the community of VZconnections and other upcoming VZones. Assists the World Managers in building the virtual zones, implement events, and helps oversee the development of each VZone.

Dreamscape- the name of the oldest VZone environment.

Guides - volunteer avatars who serves the community of Vzconnections and other Vzones. You can page Guides for in-world help.

Token- the inworld currency. You earn tokens with time spent in a VZone. Currently it's 100 tokens per hour (up to 5 hours per session) for time spent as an avatar. They are paid out every hour of online time

completed. Check your nearest ATM for your account balance.

Inworld- refers to being inside an Avaterra virtual zone or world.

World Managers - Manage all aspects of inworld needs.

SysOp- System Operator. A SysOp oversees the community's message boards. SysOps have no jurisdiction inworld but can help you with technical problems you may encounter while inworld. Some SysOps are employed with Avaterra.com, Inc., however most are "remote staff" who are volunteers from around the world.

Client- the technical name for your VZones software that is installed on your personal computer. It's a "client" of the VZones "server."

Server- the technical name of the machine that runs the codes and scripts to display VZones. It communicates to all the clients logged into it. When you Enter VZones, you're logging into the VZones server located in Santa Clara, CA at Avaterra.com.

Waking World- in reference to Real Life and being out of the context of a world or zone.

VZT - is the same as the Pacific Time Zone. Many events in the zones are announced in "VZT."

**PRESS RELEASES**                                    **HELP**

### AVATERRA.COM ANNOUNCES RECORD NUMBERS FOR THE MONTH OF FEBRUARY
*Sessions, total hours, subscriptions, and registered users rise dramatically*

Santa Clara, CA, March 27, 2000- Avaterra.com, Inc. (AVAR.E - OTC/BB), a leading provider of Internet-based virtual world communities, announces increases in all of its key measurements for February. "Our subscribers and members spent over 775,000 hours online in our VZones in February alone, a 22% increase from January," said David Andrews, Avaterra.com CEO. Furthermore, the total number of online sessions for February increased by 27%, while registered users and active members also continued to increase accordingly.

"Traditionally we have experienced very long session lengths; often averaging over 3 hours. The high level of "stickiness" continues even with our newest, less experienced members, and session lengths are still consistent," Andrews went on to say. " The stickiness, in addition to the feeling of community that accompanies our technology, attracts web site owners and bricks-and-mortar companies looking for a way to build a loyal customer base on the Internet."

Recently, the company announced several new agreements to license their VZone technology and their latest release of the Media Interface which provides web visitors with virtual environments, streaming audio and video, and various other applications. Upcoming developments include a central portal for the fast growing Mainland China market, a virtual environment for individual and professional investors, and online shopping applications.

**About Avaterra.com, Inc.**

Avaterra.com (AVAR.E-OTC/BB) builds consumer and business-oriented interactive virtual worlds in the form of Virtual ZonesTM (VZonesTM). Consumers enter themed VZones as avatars (customized graphical representations of themselves) and express themselves by personalizing their appearance and communicating with other avatars through words, gestures and facial expressions.

The VZones technology enables a heightened level of personal expression and identity, interpersonal communication, and community that is unmatched on the Internet. Unsurpassed user visit durations are a testament to the appeal of avatars and the personal bonds established within these communities. Avaterra.com derives revenue from advertising, member fees, custom virtual community development and software co-licensing. For investor information, please call (888) 845-5853, email ir@avaterra.com, or visit http://web.archive.org/web/20001009033757/http://www.avaterra.com/.

Note: Certain statements made in the press release contain forward-looking statements. These statements are based on theCompany's current expectations and estimates as to prospective events and circumstances which may or may not be in the Company's control and as to which there can be no firm assurances given. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated.The Company cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. TheCompany disclaims any obligation subsequently to revise forward-looking statements to reflect events or cercustances after the date of such statements or to reflect the occurrence of anitcipated or unanticipated events.

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**PRESS RELEASES**          **HELP**

## AVATERRA.COM, INC. ANNOUNCES THE RELEASE OF NEW MEDIA INTERFACE, OFFERING CONSUMERS AN EXCEPTIONAL ONLINE MULTIMEDIA EXPERIENCE

Santa Clara, CA March 22, 2000 - Avaterra.com, Inc. (AVAR.E - OTC/BB), a leading provider of Internet-based virtual world communities, today announced the completion and release of its Media Interface - a unique browser plug-in which adds streaming audio and video, electronic commerce, and other web-enabled applications to a virtual world environment. The interface represents a new generation in browser technology, providing online consumers with a complete multi-media experience.

The Media Interface is the core of Avaterra.com's B2B, B2C, and C2C solutions - a browser plug-in compatible with Microsoft Explorer and Netscape Navigator. The new interface provides exceptional flexibility, with multiple fixed windows that allow consumers to experience a variety of content simultaneously. While inside a virtual community, users can view a streaming video clip, view an advertiser's URL, and chat with other users' avatars (virtual selves) at the same time, on one screen. The Media Interface also has an active map, which allows for quick navigation when visiting a virtual world. Users can customize their environment by linking virtual objects to web pages, web sites, and anything else on the web.

"This application is the foundation on which our business strategy is being built," said David Andrews, Avaterra.com CEO. "The Media Interface will be incorporated into all future applications and will be available to every one of our consumers who enters a virtual community. We are also in the planning stage of integrating the Media Interface into powerful e-business tools with companies including M-Web China, NTTSoft of Japan, and INTERNOLIX of Germany."

Avaterra.com continues to evolve by adopting leading-edge technology and maintaining a visionary approach to online interaction. The Media Interface is the only multi-media interface of its kind that allows consumers and business partners to connect to the web, and each other, in such a dynamic way. Applications for business, advertising, education, entertainment and social support using this new technology are unprecedented.

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The VZones technology enables a heightened level of personal expression and identity, interpersonal communication, and community that is unmatched on the Internet - unsurpassed user visit durations are a testament to the appeal of avatars and personal bonds established within these communities. Avaterra.com derives revenue from advertising, member fees, custom virtual community development and software co-licensing. For investor information, please call 1-888-845-5853, e-mail ir@avaterra.com, or visit http://web.archive.org/web/20001009023814/http://www.avaterra.com/.

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## PRESS RELEASES

**HELP**

### AVATERRA.COM, INC. AND MMI FINANCE.COM, INC. ANNOUNCE AGREEMENT TO DEVELOP AND MARKET THE FIRST VIRTUAL WORLD TARGETED AT THE INVESTMENT COMMUNITY

Santa Clara, CA February 22, 2000 - Today Avaterra.com, Inc. (AVAR-OTC/BB), and MMI Finance.com announce that they have signed an agreement to develop, market and sell the World's first financial information virtual world community targeted at investors. The new virtual world, or VZone, due to be launched in Q2 2000, will provide an advanced interactive platform for public companies to engage in investor relations activities in real-time, using Avaterra's proprietary and licensed technologies.

The virtual world will offer public companies virtual corporate suites that will consist of several rooms, including corporate presentation and meeting areas. In addition, MMI Finance.com will partner with companies that provide additional investment oriented information, guidance and research resources.

This VZone is viewed by both companies as a major breakthrough for the virtual world industry, as it is among the first communities where investors can visit presentation rooms and attend virtual meetings directly with public company executives and others who appear as avatars (graphical characters that look and behave like human beings). The integration of Avaterra.com's Media Interface will add a powerful information display tool, allowing simultaneous display of web-based applications including corporate presentations, video streaming, or investor information.

"This virtual financial community will allow for real-time interaction with the multitude of other investors online. The individual investor historically has only been able to interact using simple text-chat sites and forums, " said David Andrews, CEO of Avaterra.com, Inc. "This is a major breakthrough for the most active topic on the Internet: investment and personal finance. MMI finance.com is a visionary company, and we are delighted to enter into this exciting licensing agreement with them. Visitors to the investment zone will be able to take advantage of Avaterra.com's Media Interface and virtual world technology to provide the most interesting and informative experience on the Internet."

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